

TESTIMONY BY MATT WAGGNER IN SUPPORT OF SB 32 AND HB 5069

Dear Senator Osten, Representative Tercyak, and members of the Labor and Public Employees Committee,

My name is Matt Waggnier, I live in Fairfield, and I would like to offer my testimony in support of two bills on your agenda today: SB 32, "An Act Concerning Working Families' Wages," and HB 5069, "An Act Concerning Low Wage Workers."

Increasing the minimum wage will improve the lives of thousands of Connecticut residents, both for those working for the minimum wage and those who work where the pay scale is based on the minimum wage. Further, recent labor market research¹ has found that while increasing the minimum wage does raise earnings, there is no measurable job loss associated with these increases.

While the bill before you will help working Connecticut families make up for lost ground, I hope that you will consider both reversing the long-running erosion in wages for tipped workers (the tip credit has grown from 23% of the minimum wage in 1981 to 31% today)², as well as indexing the minimum wage to ensure that lower wage workers can earn their fair share of future gains in the economy.

Research outlets as diverse as the Economic Policy Institute³ and the Heritage Foundation⁴ have shown that productivity – the economy-wide measure of worker output – has grown at a rate far above both the minimum and average wages for decades. This, more than anything, is the cause of workers feeling squeezed, and has led to an economy where those who wish to retire must stay in jobs to make ends meet, parents who might prefer to spend their time raising children must hold down multiple jobs to pay their bills, and a generation of young people to discover that the entry-level positions in their chosen careers are already filled.

I also would like to speak in support of HB 5069, which would establish a fee applied to large, low-wage employers to help fund the social services that the state provides to low-income families. We are all familiar with stories of large retail chains providing information on applying for food stamps and other programs to their employees, and while this may or may not be shocking to you, it does illustrate that for some large businesses, the social safety net is used to justify systematically underpaying and underscheduling workers.

To my view, the appeal of this proposal comes from its potential to help local and small businesses with responsible business practices compete in industries currently driven by the business practices of large chains. Small businesses don't have the resources to compete for economic development grants or to deal with the high turnover that comes with managing a low-wage workforce, and this economic equalizer will help them stay in business and provide the stable jobs our local economies need.

One suggestion, looking at the standard wage definitions, is that it may make sense in the context of HB 5069 to establish the fee as a sliding scale based on the standard wage levels to discourage employers paying workers near but below the standard wage from dropping wages.

I hope you will consider taking this opportunity, when economic inequality is a part of the national conversation, to establish Connecticut as a leader in designing an economy where working people are able to enjoy the fruits of their labors, where the minimum wage can become a living wage, and where local businesses can continue to serve as the growth engine for good jobs.

Sincerely yours,
Matt Waggnier

¹ Arindrajit Dube, T. William Lester, and Michael Reich, "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties." Published in *The Review of Economics and Statistics*, November 2010. <http://www.irlle.berkeley.edu/workingpapers/157-07.pdf>

² Connecticut Department of Labor. <http://www.ctdol.state.ct.us/wgwkstnd/wage-hour/history.htm>

³ Lawrence Mishel, "The wedges between productivity and median compensation growth." April, 2012. <http://www.epi.org/publication/ib330-productivity-vs-compensation/>

⁴ James Sherk, "Productivity and Compensation: Growing Together." July 2013. <http://www.heritage.org/research/reports/2013/07/productivity-and-compensation-growing-together>